

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name <b>WATERVLIET CHARTER TOWNSHIP</b>	County <b>BERRIEN</b>
Fiscal Year End <b>3/31/08</b>	Opinion Date <b>6/10/08</b>	Date Audit Report Submitted to State <b>August 19, 2008</b>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

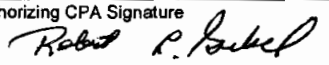
YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☒ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES	
Certified Public Accountant (Firm Name) <b>GERBEL &amp; COMPANY, P.C.</b>		Telephone Number	
Street Address <b>830 PLEASANT STREET, P.O. BOX 44</b>		City <b>ST. JOSEPH</b>	State <b>MI</b>
		Zip <b>49085</b>	
Authorizing CPA Signature 		Printed Name <b>ROBERT L. GERBEL</b>	License Number <b>3953</b>

**WATERVLIET CHARTER TOWNSHIP**  
**BERRIEN COUNTY, MICHIGAN**

**FINANCIAL REPORT**

**March 31, 2008**

**WATERVLIET CHARTER TOWNSHIP  
BERRIEN COUNTY, MICHIGAN**

**FINANCIAL REPORT**

**March 31, 2008**

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**Using this Annual Report**

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government wide financial statements.

**Financial Highlights**

The Township's combined net assets increased \$594,471 from a year ago-increasing from \$8,160,215 to \$9,522,906. Also the net assets were increased by \$768,220 for prior year adjustments which consisted mainly of developers contributions for infrastructure to the township. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase in net assets of \$332,546 during the year, while the business-type activities experienced an increase in net assets of \$261,925.

**Overview of the Financial Statements**

This report consists of four parts---- *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that *presents combining statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts of* the Township government, reporting the Township's operations in more detail than the government-wide statements.

*The governmental funds statements* tell how general government services like public safety were financed in the short-term as well as what remains for future spending.

*Proprietary fund statements* offer short- and long-term financial information about the activities the government operates like businesses, such as the sewer system.

*Fiduciary fund statements* provide information about the financial relationships, in which the Township acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required parts of the report, we have included a section with combining statements that provide details about our non-major governmental funds, which are added together and presented in single columns in the basic financial statements. The following table summarizes the major features of the Township's financial statements, including the portion of Township government they cover and the types of information they contain.

## Watervliet Charter Township

### 2007-08 Management's Discussion And Analysis

The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements

Major Features of Watervliet Charter Township's Government - Wide and Fund Financial Statements

	Fund Statements			
	Government-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Township government(except fiduciary funds) and the Township's Component units	The activities of the Township that are not proprietary or fiduciary, such as, police ambulance, building, fire, and general operations.	Activities the Township operates similar to private businesses; the sewer system.	Instances in which the Township is the trustee or agent for someone else's resources, such as property tax collections.
Required Financial Statements.	>Statement of net assets. >Statement of activities.	>Balance Sheet >Statement of Revenues expenditures, and changes in fund balances.	>Statement of net assets >Statements of revenues, expenditures, and changes in net assets >Statement of cash flows	>Statement of fiduciary net assets >Statement of changes in fiduciary net assets.
Accounting basis and Measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of assets/liability information	All assets and liabilities, both financial and capital and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; the Township's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

**Government-wide Statements**

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities, which is one way to measure the Township's financial health, or position.

- \* Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- \* To assess the overall health of the Township you need to consider additional nonfinancial factors such as changes in the Township's property tax base and condition of the Township's infrastructure.

The government-wide financial statements of the Township are divided into two categories:

- \* Governmental activities-Most of the Township's basic services are included here, such as general government, public safety, public works, and recreation and culture.
- \* Business-type activities-The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's sewer and water systems are included here.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Township's most significant funds-not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- \* Some funds are required by State law and by bond covenants.
- \* The Township Board establishes other funds to control and manage money for a particular purpose (i.e. building) or to show that it is properly using certain taxes and grants (i.e. ambulance monies). The following summarizes the Townships Special Millages:

**Millages:**

Ambulance	0.34600 voted	collected in 2008 - 0.3377
Roads	2.00000 voted	collected in 2008- 1.9526
Roads	1.00000 voted	collected in 2008 - 0.9977
Fire Protection	1.00000 voted	collected in 2008 - 0.9977
Fire Protection	1.00000 voted	collected in 2008 - 0.9977
Police Protection	1.50000 voted	collected in 2008 - 1.4645
Library	0.50000 voted	collected in 2008 - 0.4881
Historical Society	0.25000 voted	collected in 2008 - 0.2494

The Township has the following three kinds of funds:

*\*Government Funds*-Most of the Township's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are included in the basic financial statements that explain the relationship (or differences) between them.

*\*Proprietary Funds*-Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise fund (a type of proprietary fund) is the same as its business-type activities, but provide more detail and additional information, such as cash flows.

*\*Fiduciary Funds*-The Township is the trustee, or fiduciary, for property tax collections and trailer fees. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's governments-wide financial statements because the Township cannot use these assets to finance its operations.

### Financial Analysis Of The Township As A Whole

The Township's combined net assets were \$9,522,906. In a condensed format the following table below shows a breakdown of the net assets:

	Governmental Activities 2007-2008	Governmental Activities 2006-2007	Business type Activities 2007-2008	Business type Activities 2006-2007	Total 2007-2008	Total 2006-2007
Current assets	\$3,125,503	\$2,718,357	\$417,849	\$492,626	\$3,541,352	\$3,210,983
Capital assets	800,154	821,491	5,649,551	4,515,374	6,449,705	\$5,336,865
<b>Total Assets</b>	<b>\$3,923,657</b>	<b>\$3,539,848</b>	<b>\$6,067,400</b>	<b>\$5,008,000</b>	<b>\$9,991,057</b>	<b>\$8,547,848</b>
Long-term debt outstanding	\$296,200	\$326,800	--	--	\$296,200	\$326,800
Other liabilities	129,924	37,629	42,027	23,204	171,951	\$60,833
<b>Total Liabilities</b>	<b>\$426,124</b>	<b>\$364,429</b>	<b>\$42,027</b>	<b>\$23,204</b>	<b>\$468,151</b>	<b>\$387,633</b>
<b>Net Assets:</b>						
Investments in capital assets, net of related debt	\$473,354	\$466,391	\$5,710,140	\$4,515,374	\$6,183,494	\$4,981,765
Restricted	69,518	64,030	--	--	69,518	\$64,030
Unrestricted	2,954,661	2,644,998	315,233	469,422	3,269,894	\$3,114,420
<b>Total Net Assets</b>	<b>\$3,497,533</b>	<b>\$3,175,419</b>	<b>\$6,025,373</b>	<b>\$4,984,796</b>	<b>\$9,522,906</b>	<b>\$8,160,215</b>



The following table shows the changes of the net assets as of the current date:

	Governmental Activities <u>2007-2008</u>	Governmental Activities <u>2006-2007</u>	Business type Activities <u>2007-2008</u>	Business type Activities <u>2006-2007</u>	Total <u>2007-2008</u>	Total <u>2006-2007</u>
Program Revenues:						
Charges for services	\$188,928	\$254,280	\$376,299	\$418,932	\$565,227	\$673,212
Capital grants & contrib.	--	--	--	85,000	--	85,000
General Revenues:						
Property taxes	934,997	743,857	--	--	934,997	743,857
State shared revenues	244,201	241,399	--	--	244,201	241,399
Interest and rentals	70,747	77,987	20,264	28,701	91,011	106,688
Miscellaneous	21,111	17,793	--	--	21,111	17,793
Transfers	-500	--	500	--	--	--
<b>Total Revenues</b>	<b>\$1,459,484</b>	<b>\$1,335,316</b>	<b>\$397,063</b>	<b>\$532,633</b>	<b>\$1,856,547</b>	<b>\$1,867,949</b>
Expenses:						
General government	\$375,643	\$355,511	--	--	\$375,643	\$355,511
Public safety	508,458	497,830	--	--	508,458	497,830
Public works	88,003	319,691	--	--	88,003	319,691
Recreation and culture	93,665	35,617	--	--	93,665	35,617
Interest on long-term debt	14,428	15,489	--	--	14,428	15,489
Depreciation, unallocated	21,337	22,704	--	--	21,337	22,704
Sewer	--	--	620,585	520,333	620,595	520,333
Water	--	--	24,593	8,478	24,593	8,478
Comm. & econ develop.	25,404	78,128	--	--	25,404	78,128
<b>Total Expenses</b>	<b>\$1,126,938</b>	<b>\$1,324,970</b>	<b>\$645,178</b>	<b>\$528,811</b>	<b>\$1,722,116</b>	<b>\$1,853,781</b>

The Township's net assets continue to remain healthy. As a result, net assets grew by \$594,471 which does not include prior year adjustments which increased the net assets by \$768,220.

### **Governmental Activities**

Total net assets for the governmental activities increased \$332,546 to \$3,497,533.

Unrestricted net assets – the part of net assets that can be used to finance day to day operations, amounted to \$2,954,661 or 84% of total governmental activities net assets.

Net assets invested in capital assets, net of related debt amounted to \$473,354 or 14% of the total governmental activities net assets. The remaining net assets of \$69,518 are restricted for maintenance and upkeep of the cemetery once the Township's General Cemetery Fund has been depleted and is no longer able to produce revenue to support it operation.

### **Business-Type Activities**

The Township's business-type activities consist of the Sewer Fund and the Water Fund. Total net assets for the Sewer Fund business-type activities increased by \$40,948 resulting in net assets of \$5,455,151. \$5,140,965 or 94% is invested in capital assets and therefore is not available for future spending. The amount of business-type net assets available to finance day-to-day operations is \$314,186.

**Business-Type Activities (Cont'd)**

The net assets for the Water Fund business-type activities increased by \$220,977 resulting in net assets of \$570,222. The amount of business-type net assets available to finance day-to-day operations is \$61,636.

**The Township's Funds**

The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millage. The Township's major funds for March 31, 2008 included the General Fund, Road Maintenance Fund, Police Fund, Sewer Fund, and Fire Protection Millage Fund.

**General Fund:**

The original Revenue budget for 07-08 was \$496,850. This figure was amended on 3/17/08 reflecting an increase of \$56,450. This overall increase was due to the operating levy millage, state revenue sharing, bank interests and Construction Dept. rent. The expenditures budget of \$451,129 was also amended on 3/17/08 reflecting the same increase of \$102,171 to balance the budget. The final FY year-end expenditures were actually \$5,381 under the **original** budgeted amount.

**Fire Fund:**

This fund qualified as a major fund during 07-08 due to an increase in the fire levy millage which was increased from 1 mill to 2 mills. The 3/17/08 amendment reflected this change.

**Road Fund:**

The Township shows a significant amount of fund balance in the Road Maintenance Fund (218) in the 2007-2008 fiscal year. The revenue and expenditures were slightly increased and the year-end totals were under budget. The Berrien Co. Road Commission completed two major roads (Paw Paw Ave. & Forest Beach Rd.). Road funds were invested to provide for construction on 3 major roads in the next fiscal year.

**Police Fund:**

Revenue and expenditures for the 07/08 fiscal year reflect a budget increase due to the policing contract with the Berrien Co. Sheriff's Dept.

**Building Fund:**

The budget for this fund remained the same, however, revenue and expenditures at year end were under budget due to a decrease in building permits and the upcoming ethanol plant not under construction as yet.

**Sewer Fund:**

Due to repairs, maintenance and continued increase in treatment plant costs (45% increase over last 4 years), the Township Board will consider a large rate increase in both personal and business rates in 2008.

**General Fund Budgetary Highlights**

On March 17, 2008, the Township Board did amend the budget to take into account events during the year. At twelve-month year-end, the General Fund actual revenues were in under budget by \$15,050 and expenditures were under budget by \$107,552.

## **Watervliet Charter Township**

### **2007-08 Management's Discussion And Analysis**

Note: There was an amended budget approved on 3/17/08 to reflect changes in the fiscal year budget. These funds were General, Fire, Police, Fairview Cemetery, Ambulance, Road, Sewer, Water and Perpetual Care funds.

#### **Capital Asset and Debt Administration**

At the end of March 31, 2008, the Township had investment in capital assets for its governmental and business-type activities of \$5,679,405. (net of depreciation). This investment includes a broad range of capital assets, including land, buildings and improvements, furniture and equipment, and sewer lines. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statement because of Michigan law, which makes these roads the property of the Berrien County Road Commission, along with the responsibility to maintain them.

#### **Capital Assets at Year End (Net of Depreciation)**

	<b>Governmental Activities 2007/2008</b>	<b>Governmental Activities 2006/2007</b>	<b>Business-type Activities 2007/2008</b>	<b>Business-type Activities 2006/2007</b>	<b>Totals 2007/2008</b>	<b>Totals 2006/2007</b>
Land	\$28,775	\$28,775	--	--	28,775	\$28,775
Land Improvements	59,818	63,681	--	--	59,818	63,681
Building & Improvements	698,546	712,424	700	727	699,246	713,151
Machinery & Equipment	7,490	8,548	32,932	39,431	40,422	47,979
Vehicles	--	977	--	--	--	977
Office Equipment	5,525	7,086	--	--	5,525	7,086
Utility Systems	--	--	5,615,919	4,475,216	5,615,919	4,475,216
	<b>\$800,154</b>	<b>\$821,491</b>	<b>\$5,649,551</b>	<b>\$4,515,374</b>	<b>\$6,449,705</b>	<b>\$5,336,865</b>

#### **Long-Term Debt**

At the end of the current fiscal year, the Township had total debt outstanding of \$326,800.

Fire Station Addition - \$245,000. Matures September 1, 2015.

In 2001 the Watervliet Joint Fire Board constructed an addition to the fire station. Since the Fire Board is a joint board, they were not allowed to take out a loan. The Township agreed to enter into a Municipal Purchase Contract to assist in the financing of the new addition. To enable the Township to enter into the Municipal Purchase Contract, the Fire Board and the City of Watervliet transferred title of the Fire Board real property to the Township by quitclaim deed. As payments on the contract become due, the Fire Board forwards the payments to the Township.

Public Service Building - \$81,800. Matures September 1, 2017

Medic 1 Ambulance occupies the Public Service Building. On August 8, 2002, Watervliet Township entered into a lease agreement with Medic 1 Ambulance. The lease commenced on February 1, 2003. The initial term of the lease is fifteen years. Medic 1 Ambulance will pay \$828 a month as rent the first five years of the lease, \$910 a month as rent for the second five years of the lease, and \$1,001 a month as rent for the third five years of the lease. The amount of rent that is being charged is more than sufficient to cover the loan payments.

**Economic Factors and Next Year's Budgets and Rates**

The Township anticipates revenues over expenditures in the governmental funds. Expenditures in excess of revenues are expected in the Sewer Fund. Rates are expected to remain the same for the 2007-2008 fiscal year.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

June 10, 2008

## INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Watervliet Charter Township  
Watervliet, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Watervliet Charter Township, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages I through VIII and 24 through 28 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Watervliet Charter Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Gerbel & Company, P.C.*

**Right. On time.**

**WATERVLIET CHARTER TOWNSHIP**  
**Statement of Net Assets**  
**March 31, 2008**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 2,233,402	\$ 373,877	\$ 2,607,279
Receivables	372,202	42,998	415,200
Due from fiduciary funds	37,009	-	37,009
Due from other governments	480,000	-	480,000
Prepaid expenses	890	631	1,521
Due from other funds	-	343	343
Capital assets (net of related depreciation):			
Nondepreciable assets:			
Land	28,775	-	28,775
Depreciable assets:			
Buildings and improvements	698,546	-	698,546
Land improvements	59,818	-	59,818
Machinery and equipment	7,490	-	7,490
Office equipment	5,525	-	5,525
Utility systems	-	5,649,551	5,649,551
<b>Total Assets</b>	<b>\$ 3,923,657</b>	<b>\$ 6,067,400</b>	<b>\$ 9,991,057</b>
<b>Liabilities</b>			
Accounts payable	\$ 73,432	\$ 42,027	\$ 115,459
Payroll liabilities	286	-	286
Due to other funds	21,606	-	21,606
Noncurrent liabilities:			
Due within one year	34,600	-	34,600
Due in more than one year	296,200	-	296,200
<b>Total Liabilities</b>	<b>\$ 426,124</b>	<b>\$ 42,027</b>	<b>\$ 468,151</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 473,354	\$ 5,710,140	\$ 6,183,494
Restricted	69,518	-	69,518
Unrestricted	2,954,661	315,233	3,269,894
<b>TOTAL NET ASSETS</b>	<b>\$ 3,497,533</b>	<b>\$ 6,025,373</b>	<b>\$ 9,522,906</b>

**WATERVLIET CHARTER TOWNSHIP**  
**Statement of Activities**  
**For the Year Ended March 31, 2008**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 375,643	\$ 21,159	\$ -	\$ -
Public safety	508,458	110,998	-	-
Public works	88,003	53,821	-	-
Community and economic development	25,404	2,950	-	-
Recreation and cultural	93,665	-	-	-
Interest on long-term debt	14,428	-	-	-
Depreciation, unallocated	21,337	-	-	-
Total Governmental Activities	<u>\$ 1,126,938</u>	<u>\$ 188,928</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities:				
Sewer Fund	\$ 620,585	\$ 376,299	\$ -	\$ 264,470
Water Fund	24,593	-	-	245,570
Total Business-Type Activities	<u>\$ 645,178</u>	<u>\$ 376,299</u>	<u>\$ -</u>	<u>\$ 510,040</u>
Total Primary Government	<u>\$ 1,772,116</u>	<u>\$ 565,227</u>	<u>\$ -</u>	<u>\$ 510,040</u>

General revenues:  
Property taxes  
State revenue sharing  
Interest  
Other revenue  
Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Prior Period Adjustments - NOTE 15

Adjusted Balance, Beginning of Year

NET ASSETS - END OF YEAR

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and  
Changes in Net Assets  
Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (354,484)	\$ -	\$ (354,484)
(397,460)	-	(397,460)
(34,182)	-	(34,182)
(22,454)	-	(22,454)
(93,665)	-	(93,665)
(14,428)	-	(14,428)
(21,337)	-	(21,337)
<u>\$ (938,010)</u>	<u>\$ -</u>	<u>\$ (938,010)</u>
\$ -	\$ 20,184	\$ 20,184
-	220,977	220,977
<u>\$ -</u>	<u>\$ 241,161</u>	<u>\$ 241,161</u>
<u>\$ (938,010)</u>	<u>\$ 241,161</u>	<u>\$ (696,849)</u>
\$ 934,997	\$ -	\$ 934,997
244,201	-	244,201
70,747	20,264	91,011
21,111	-	21,111
(500)	500	-
<u>\$ 1,270,556</u>	<u>\$ 20,764</u>	<u>\$ 1,291,320</u>
<u>\$ 332,546</u>	<u>\$ 261,925</u>	<u>\$ 594,471</u>
\$ 3,175,419	\$ 4,984,796	\$ 8,160,215
(10,432)	778,652	768,220
<u>\$ 3,164,987</u>	<u>\$ 5,763,448</u>	<u>\$ 8,928,435</u>
<u>\$ 3,497,533</u>	<u>\$ 6,025,373</u>	<u>\$ 9,522,906</u>



**WATERVLIET CHARTER TOWNSHIP  
GOVERNMENTAL FUNDS  
Balance Sheet  
March 31, 2008**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Road Maintenance Fund</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,103,807	\$ 148,083	\$ 729,419
Receivables:			
Accounts	14,522	-	-
Taxes	4,886	11,909	23,993
Due from other funds	32,765	827	1,674
Due from other government	-	-	480,000
Land contract	-	-	-
Prepaid expenses	890	-	-
	<u>1,156,870</u>	<u>160,819</u>	<u>1,235,086</u>
Total Current Assets	<u>\$ 1,156,870</u>	<u>\$ 160,819</u>	<u>\$ 1,235,086</u>
 TOTAL ASSETS	 <u>\$ 1,156,870</u>	 <u>\$ 160,819</u>	 <u>\$ 1,235,086</u>
 <b>Liabilities and Fund Balances</b>			
Current Liabilities:			
Accounts payable	\$ 6,834	\$ 53,194	\$ 1,999
Payroll liabilities	286	-	-
Deferred revenue	-	-	-
Due to other funds	4,586	-	-
Deposit	4,000	-	-
	<u>15,706</u>	<u>53,194</u>	<u>1,999</u>
Total Current Liabilities	<u>\$ 15,706</u>	<u>\$ 53,194</u>	<u>\$ 1,999</u>
 Total Liabilities	 <u>\$ 15,706</u>	 <u>\$ 53,194</u>	 <u>\$ 1,999</u>
 Fund Balances:			
Reserved for:			
Restricted purposes	\$ -	\$ -	\$ -
Unreserved, reported in			
General Fund	1,141,164	-	-
Special Revenue	-	107,625	1,233,087
Capital Projects	-	-	-
	<u>1,141,164</u>	<u>107,625</u>	<u>1,233,087</u>
Total Fund Balances	<u>\$ 1,141,164</u>	<u>\$ 107,625</u>	<u>\$ 1,233,087</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,156,870</u>	 <u>\$ 160,819</u>	 <u>\$ 1,235,086</u>

The accompanying notes are an integral part of these financial statements.

<u>Fire Millage Fund</u>	<u>Building Department Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 16,227	\$ 33,948	\$ 201,918	\$ 2,233,402
-	-	-	14,522
-	-	8,741	49,529
1,305	-	438	37,009
-	-	-	480,000
-	-	63,151	63,151
-	-	-	890
<u>\$ 17,532</u>	<u>\$ 33,948</u>	<u>\$ 274,248</u>	<u>\$ 2,878,503</u>
<u>\$ 17,532</u>	<u>\$ 33,948</u>	<u>\$ 274,248</u>	<u>\$ 2,878,503</u>
\$ -	\$ 2,394	\$ 9,011	\$ 73,432
-	-	-	286
-	-	63,151	63,151
-	-	17,020	21,606
-	-	-	4,000
<u>\$ -</u>	<u>\$ 2,394</u>	<u>\$ 89,182</u>	<u>\$ 162,475</u>
<u>\$ -</u>	<u>\$ 2,394</u>	<u>\$ 89,182</u>	<u>\$ 162,475</u>
\$ -	\$ -	\$ 69,518	\$ 69,518
-	-	-	1,141,164
17,532	31,554	115,636	1,505,434
-	-	(88)	(88)
<u>\$ 17,532</u>	<u>\$ 31,554</u>	<u>\$ 185,066</u>	<u>\$ 2,716,028</u>
<u>\$ 17,532</u>	<u>\$ 33,948</u>	<u>\$ 274,248</u>	<u>\$ 2,878,503</u>

**WATERVLIET CHARTER TOWNSHIP**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Assets**  
**For the Year Ended March 31, 2008**

Fund balances of governmental funds	\$ 2,716,028
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Governmental funds report outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	800,154
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Long-term liabilities are not due and payable in the current period nor are they reflected as reductions to debt in the funds.	(326,800)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>308,151</u>
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Net Assets of Governmental Activities	<u>\$ 3,497,533</u>
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**WATERVLIET CHARTER TOWNSHIP  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended March 31, 2008**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Road Maintenance Fund</u>
<b>Revenues:</b>			
Taxes	\$ 72,588	\$ 166,968	\$ 336,376
Licenses and permits	14,809	-	-
State grants	244,201	-	-
Charges for services	58,271	-	-
Interest	54,342	-	12,196
Rents	74,492	-	-
Other revenue	<u>19,547</u>	<u>500</u>	<u>50</u>
Total Revenues	<u>\$ 538,250</u>	<u>\$ 167,468</u>	<u>\$ 348,622</u>
<b>Expenditures:</b>			
General government	\$ 360,391	\$ -	\$ -
Community and economic development	16,393	-	-
Public safety	8,055	205,511	-
Public works	7,973	-	80,030
Recreation and cultural	10,208	-	-
Debt service	<u>42,728</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 445,748</u>	<u>\$ 205,511</u>	<u>\$ 80,030</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 92,502</u>	<u>\$ (38,043)</u>	<u>\$ 268,592</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in (out)	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ 500</u>
Total Other Financing Sources	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ 500</u>
Net Change in Fund Balances	<u>\$ 90,502</u>	<u>\$ (38,043)</u>	<u>\$ 269,092</u>
Fund Balances, Beginning of Year	\$ 1,046,094	\$ 145,668	\$ 963,995
Prior Period Adjustment	4,568	-	-
Adjusted Balance, Beginning of Year	<u>\$ 1,050,662</u>	<u>\$ 145,668</u>	<u>\$ 963,995</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,141,164</u>	<u>\$ 107,625</u>	<u>\$ 1,233,087</u>

The accompanying notes are an integral part of these financial statements.

<u>Fire Millage Fund</u>	<u>Building Department Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 227,500	\$ -	\$ 131,565	\$ 934,997
-	58,506	-	73,315
-	-	-	244,201
-	-	4,850	63,121
-	-	4,209	70,747
-	-	-	74,492
-	-	1,014	21,111
<u>\$ 227,500</u>	<u>\$ 58,506</u>	<u>\$ 141,638</u>	<u>\$ 1,481,984</u>
\$ -	\$ -	\$ 15,252	\$ 375,643
-	-	9,011	25,404
217,533	55,812	21,547	508,458
-	-	-	88,003
-	-	83,457	93,665
-	-	-	42,728
<u>\$ 217,533</u>	<u>\$ 55,812</u>	<u>\$ 129,267</u>	<u>\$ 1,133,901</u>
<u>\$ 9,967</u>	<u>\$ 2,694</u>	<u>\$ 12,371</u>	<u>\$ 348,083</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ (500)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ (500)</u>
<u>\$ 9,967</u>	<u>\$ 2,694</u>	<u>\$ 13,371</u>	<u>\$ 347,583</u>
\$ 7,565	\$ 28,860	\$ 186,695	\$ 2,378,877
-	-	(15,000)	(10,432)
<u>\$ 7,565</u>	<u>\$ 28,860</u>	<u>\$ 171,695</u>	<u>\$ 2,368,445</u>
<u>\$ 17,532</u>	<u>\$ 31,554</u>	<u>\$ 185,066</u>	<u>\$ 2,716,028</u>

**WATERVLIET CHARTER TOWNSHIP**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended March 31, 2008**

Net change in fund balances - total governmental funds	\$ 347,583
Amounts reported for <i>governmental activities</i> in the statement of activities.	
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives. This is the amount by which capital outlays exceeded depreciation in the current period.	(21,337)
Long-term liabilities are not due and payable in the current period nor are they reflected as reductions in the funds.	28,300
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(22,000)</u>
Change in Net Assets of Governmental Funds	<u>\$ 332,546</u>

**WATERVLIET CHARTER TOWNSHIP**  
**PROPRIETARY FUNDS**  
**Statement of Net Assets**  
**March 31, 2008**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 311,194	\$ 62,683	\$ 373,877
Accounts receivable	32,304	-	32,304
Delinquent sanitation charges	10,694	-	10,694
Prepaid insurance	631	-	631
Due from other funds	343	-	343
	<u>343</u>	<u>-</u>	<u>343</u>
Total Current Assets	<u>\$ 355,166</u>	<u>\$ 62,683</u>	<u>\$ 417,849</u>
Noncurrent Assets:			
Building and improvements	\$ 1,080	\$ -	\$ 1,080
Plant interceptors	1,612,787	-	1,612,787
Collection mains	6,563,529	531,517	7,095,046
Equipment	206,947	-	206,947
Accumulated depreciation	(3,243,378)	(22,931)	(3,266,309)
	<u>(3,243,378)</u>	<u>(22,931)</u>	<u>(3,266,309)</u>
Total Noncurrent Assets	<u>\$ 5,140,965</u>	<u>\$ 508,586</u>	<u>\$ 5,649,551</u>
TOTAL ASSETS	<u>\$ 5,496,131</u>	<u>\$ 571,269</u>	<u>\$ 6,067,400</u>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Accounts payable	\$ 40,980	\$ 1,047	\$ 42,027
	<u>40,980</u>	<u>1,047</u>	<u>42,027</u>
Total Current Liabilities	<u>\$ 40,980</u>	<u>\$ 1,047</u>	<u>\$ 42,027</u>
Total Liabilities	<u>\$ 40,980</u>	<u>\$ 1,047</u>	<u>\$ 42,027</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 5,140,965	\$ 508,586	\$ 5,649,551
Unrestricted	314,186	61,636	375,822
	<u>314,186</u>	<u>61,636</u>	<u>375,822</u>
Total Net Assets	<u>\$ 5,455,151</u>	<u>\$ 570,222</u>	<u>\$ 6,025,373</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,496,131</u>	<u>\$ 571,269</u>	<u>\$ 6,067,400</u>

**WATERVLIET CHARTER TOWNSHIP  
PROPRIETARY FUNDS  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
For the Year Ended March 31, 2008**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Fund</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 376,299	\$ -	\$ 376,299
<b>Operating Expenses:</b>			
Plant interceptor operating expenses	\$ 273,153	\$ -	\$ 273,153
Salaries and wages	71,207	-	71,207
Retirement	1,966	-	1,966
Payroll taxes	5,447	-	5,447
Supplies	4,255	-	4,255
Professional services	53,271	12,942	66,213
Insurance	17,130	-	17,130
Utilities	13,326	-	13,326
Contractual services	17,695	-	17,695
Depreciation	144,809	9,707	154,516
Transportation	1,294	-	1,294
Repairs and maintenance	11,085	593	11,678
Printing and publishing	-	871	871
Administrative fees	-	335	335
Capital outlay	5,315	-	5,315
Miscellaneous	632	145	777
Total Operating Expenses	\$ 620,585	\$ 24,593	\$ 645,178
Operating Loss	\$ (244,286)	\$ (24,593)	\$ (268,879)
<b>Nonoperating Revenue (Expense):</b>			
Contributions from developers	\$ 264,470	\$ 245,570	\$ 510,040
Interest revenue	20,264	-	20,264
Total Nonoperating Revenue (Expense)	\$ 284,734	\$ 245,570	\$ 530,304
<b>Other Financing Sources (Uses)</b>			
Operating transfers in (out)	\$ 500	\$ -	\$ 500
Change in Net Assets	\$ 40,948	\$ 220,977	\$ 261,925
Total Net Assets, Beginning of Year	\$ 4,908,274	\$ 76,522	\$ 4,984,796
Prior Period Adjustment - NOTE 15	505,929	272,723	778,652
Adjusted Balance, Beginning of Year	\$ 5,414,203	\$ 349,245	\$ 5,763,448
TOTAL NET ASSETS, END OF YEAR	\$ 5,455,151	\$ 570,222	\$ 6,025,373

The accompanying notes are an integral part of these financial statements.



**WATERVLIET CHARTER TOWNSHIP  
PROPRIETARY FUNDS  
Statement of Cash Flows  
For the Year Ended March 31, 2008**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Cash receipts from customers	\$ 380,499	\$ -	\$ 380,499
Payments to employees	(71,207)	-	(71,207)
Payments of benefits on behalf of employees	(7,413)	-	(7,413)
Payments to suppliers	(379,381)	-	(379,381)
Administrative expenses	-	(13,839)	(13,839)
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided (used) by operating activities	\$ (77,502)	\$ (13,839)	\$ (91,341)
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Transfers	\$ 500	\$ -	\$ 500
Due from other funds	343	-	343
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided (used) by capital and related financing activities	\$ 843	\$ -	\$ 843
<b>Cash Flows From Investing Activities:</b>			
Interest income	\$ 20,264	\$ -	\$ 20,264
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided (used) by investing activities	\$ 20,264	\$ -	\$ 20,264
Net increase (decrease) in cash and cash equivalents	\$ (56,395)	\$ (13,839)	\$ (70,234)
Cash Balance, Beginning of the Year	367,589	76,522	444,111
	<u>          </u>	<u>          </u>	<u>          </u>
CASH BALANCE, END OF THE YEAR	\$ 311,194	\$ 62,683	\$ 373,877
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (244,286)	\$ (24,593)	\$ (268,879)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 144,809	\$ 9,707	\$ 154,516
(Increase) decrease in:			
Accounts receivable	9,127	-	9,127
Delinquent sanitation charges	(4,927)	-	(4,927)
Increase (decrease) in:			
Accounts payable	17,775	1,047	18,822
	<u>          </u>	<u>          </u>	<u>          </u>
Total adjustments	\$ 166,784	\$ 10,754	\$ 177,538
Net cash provided (used) by operating activities	\$ (77,502)	\$ (13,839)	\$ (91,341)

The accompanying notes are an integral part of these financial statements.

**WATERVLIET CHARTER TOWNSHIP  
FIDUCIARY FUNDS  
Statement of Net Assets  
March 31, 2008**

	<b><u>Agency Funds</u></b>
<b>Assets</b>	
Cash and cash equivalents	\$ 15,264
Due from other governments	<u>1,774</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 17,038</u></b>
<b>Liabilities</b>	
Due to other funds	\$ 15,746
Due to other governmental units	<u>1,292</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 17,038</u></b>

**WATERVLIET CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by Watervliet Charter Township, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

**A. Reporting Entity**

In evaluating how to define the Township's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Township's reporting entity.

**Coloma Watervliet Area Economic Development Corporation.** This potential component unit is disclosed as a jointly governed organization because the Township has one representative on the regional council of government and does not have an ongoing financial interest in or a financial responsibility for the corporation. See Note 4 for further information on the jointly governed organization.

**Watervliet Joint Cemetery, Watervliet Joint Fire Board, Watervliet Joint Airport, and Paw Paw Lake Joint Sewage Board.** These potential component units are disclosed as joint ventures because the Township; (1) selects governing authority, (2) approves the budget, (3) is responsible for fund deficits, and (4) provides subsidies. See Note 3 for further information on the joint ventures.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Township. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**WATERVLIET CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Watervliet Township reports the following major governmental funds:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Police Fund** is used to account for police services.

The **Road Maintenance Fund** is used to account for the repairs, maintenance and general upkeep of the Township's roads.

The **Building Department Fund** is used to account for revenues collected and monies expended for the purpose of funding planning, zoning and inspection functions.

The **Fire Millage Fund** is used to account for revenues collected and monies expended for the purpose of maintaining fire response service to the community.

Watervliet Charter Township reports the following major proprietary fund:

The **Sewer Operating Fund** accounts for the activities related to the Township's share of the Paw Paw Lake Wastewater Treatment Plant's sanitary collections system and wastewater treatment.

**WATERVLIET CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued**

Additionally, Watervliet Charter Township reports the following fund type:

The **Agency Funds** are used to account for assets as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Sewer Fund and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first. Unrestricted resources are used as they are needed.

**D. Budgetary Data**

Prior to an annual meeting the Supervisor submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing April 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted in summary form at the annual budget meeting.

The Supervisor and Clerk are authorized to transfer budgeted amounts between departments within a fund; however, any revisions that alter total expenditures of any fund must be approved by the Board of Trustees.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Watervliet Charter Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

**WATERVLIET CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Capital Assets - Continued**

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	3-12 years
Utility Systems	10-40 years
Land Improvements	15-25 years

**F. Long-Term Liabilities**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net assets. The Township does not currently have any bonded debt; however, if they were to issue a bond, the bond premium or discount, as well as issuance costs, would be deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable would be reported net of the applicable bond premium or discount. Bond issuance costs would be reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types would recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances would be reported as other financing sources. Bond discounts would be reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, would be reported as debt service.

**G. Property Taxes**

Township property taxes are levied on December 1 and are payable without penalty through February 29. The Township bills and collects its own property taxes and also taxes for the County and several school districts within its jurisdiction. Collections and remittances of all taxes are accounted for in the Current Tax Agency Fund. Township property tax revenues are recognized as revenues in the calendar year following the levy date.

**WATERVLiet CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**H. Cash Flows Statement**

For purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments, with a maturity of six months or less when purchased, to be cash equivalents.

**I. Investments**

Investments are stated at cost or amortized cost, which approximates market.

All highly liquid investments (including restricted assets) with a maturity of one year or less when purchased are defined as cash equivalents.

**J. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Cash and Short-term Investments** - The Township is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Township is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. The Township is authorized to invest in commercial paper within the two highest classifications and maturities not more than 270 days after the date of purchase. Act 217, PA 1982 states that the Township's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Township's deposits are in accordance with statutory authority at March 31, 2008.

**Long-term Investments** - The Township's policy does not address investments other than short-term highly liquid assets.

**Interest Rate Risk** - It is the objective of the Township to maintain safety of principal of its funds, maintain a diversified portfolio, maintain sufficient liquidity to meet operating requirements, and to obtain a market average rate of return. The Township is not exposed to interest rate risk.

All certificates of deposit with maturities less than one year are classified as cash and cash equivalents.

**Custodial Credit Risk** - The Township is authorized to invest in pre-qualifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the Township will do business. The portfolio will be diversified so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. As of March 31, 2008, the Township's funds were deposited in three institutions meeting the above requirements. As of March 31, 2008, \$2,428,962 of the government's bank balance of \$2,628,962 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized: \$2,428,962

**WATERVLIIET CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 3 - JOINT VENTURES**

**Watervliet Joint Cemetery**

The Watervliet Joint Cemetery's purpose is to maintain and sell the lots of the city-township cemetery. The Watervliet Joint Cemetery's Board of Trustees is comprised of three trustees appointed by the City of Watervliet and three trustees appointed by Watervliet Charter Township.

Any and all costs incidental to the maintenance and operation of the Watervliet Joint Cemetery, which are not covered by sales of lots, are shared equally by the City of Watervliet and Watervliet Charter Township. Watervliet Charter Township's contribution for the year ending March 31, 2008 totals \$9,988.

A copy of the audited financial statements is available for review at the Township Hall.

**Watervliet Joint Fire Board**

The Watervliet Joint Fire Board's purpose is to supervise, operate, maintain and provide fire service for the City of Watervliet and Watervliet Charter Township. The Watervliet Joint Fire Board's Board of Trustees is comprised of three trustees appointed by the City of Watervliet and three trustees appointed by Watervliet Charter Township.

Any and all costs incidental to the maintenance and operation of the Watervliet Joint Fire Board are shared by the City of Watervliet and Watervliet Charter Township. Watervliet Charter Township's contribution for the year ending March 31, 2008 totals \$217,533.

A copy of the audited financial statements is available for review at the Township Hall.

**Watervliet Joint Airport**

The Watervliet Joint Airport's purpose is to further public interest and aeronautical progress at the airport jointly owned by the City of Watervliet and the Township of Watervliet, and known as Watervliet Municipal Airport. The board consists of six members, three from each Local Unit.

The Township of Watervliet and the City of Watervliet contribute equal shares toward the maintenance and operation of the airport and aeronautical facilities, and revenues in excess of the expense of maintaining and operating the facility are to be equally divided between the two municipalities.

There are no audited financial statements available for review.

**Paw Paw Lake Joint Sewage Board**

The Paw Paw Lake Joint Sewage Board's purpose is to control, manage, and operate the Paw Paw Lake Area Wastewater Plant. The board consists of eight appointed members; two from each Participating Municipality. The municipalities that participate in the sewage disposal contract include the Township of Watervliet, the City of Watervliet, the Township of Coloma, and the City of Coloma.

Watervliet Charter Township is billed monthly by the Paw Paw Lake Area Wastewater Plant at a per gallon rate that is based upon the Board's operating expenses plus expenditures for properties for the fiscal year. Total costs to Watervliet Charter Township for the year ended March 31, 2008 equaled \$273,153.

A copy of the most recent audited financial statements is available for review at the Township Hall.



**WATERVLIET CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 4 - JOINTLY GOVERNED ORGANIZATIONS**

**Coloma Watervliet Area Economic Development Corporation**

The Township and City of Watervliet, the Township and City of Coloma, and the Township of Bainbridge participate jointly in the operation of the Coloma Watervliet Area Economic Development Corporation. The Corporation is organized for the specific and primary purpose of furthering the common interests of the Greater Coloma Watervliet Area by promoting the retention and growth of commercial and industrial enterprises.

The funds required are allocated among the Participating Municipalities according to a formula approved by the board of directors. The formula contains a per capita, real property tax valuation to assure equality among the seven Participating Municipalities.

Watervliet Charter Township's appropriation to the Coloma Watervliet Area Economic Development Corporation for the fiscal year ended March 31, 2008 was \$15,109.

**NOTE 5 - CAPITAL ASSETS**

Capital assets activities for the year ended March 31, 2008 were as follows:

	<u>Balance</u> <u>April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2008</u>
<b>Governmental Activities</b>				
Land	\$ 28,775	\$ -	\$ -	\$ 28,775
Buildings and Improvements	\$ 791,625	\$ -	\$ -	\$ 791,625
Land Improvements	101,588	-	-	101,588
Machinery and Equipment	22,574	-	-	22,574
Vehicles	11,717	-	-	11,717
Office Equipment	18,621	-	(3,000)	15,621
Subtotal	\$ 946,125	\$ -	\$ (3,000)	\$ 943,125
Less: Accumulated Depreciation	(153,409)	(21,337)	3,000	(171,746)
Total Capital Assets Other Than Land	\$ 792,716	\$ (21,337)	\$ -	\$ 771,379

**WATERVLIET CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 5 - CAPITAL ASSETS - Continued**

Governmental activities depreciation for fiscal year ended March 31, 2008 amounted to \$21,337. The Township determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions. Accordingly, all governmental depreciation is reported as unallocated on the Statement of Activities.

	<u>Balance</u> <u>April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2008</u>
<b>Business Activities</b>				
Buildings and Improvements	\$ 1,080	\$ -	\$ -	\$ 1,080
Plant Interceptors	1,612,787	-	-	1,612,787
Collection mains	6,585,006	510,040	-	7,095,046
Equipment	<u>208,631</u>	<u>-</u>	<u>(1,684)</u>	<u>206,947</u>
Subtotal	\$ 8,407,504	\$ 510,040	\$ (1,684)	\$ 8,915,860
Less: Accumulated Depreciation	<u>(3,113,476)</u>	<u>(154,517)</u>	<u>1,684</u>	<u>(3,266,309)</u>
Total Capital Assets	<u>\$ 5,294,028</u>	<u>\$ 355,523</u>	<u>\$ -</u>	<u>\$ 5,649,551</u>

**NOTE 6 - CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the primary government for the year ended March 31, 2008:

	<u>Municipal</u> <u>Purchase</u> <u>Contracts</u>
As of April 1, 2007	\$ 355,100
Additions	-
(Reductions)	<u>(28,300)</u>
As of March 31, 2008	<u>\$ 326,800</u>

**WATERVLIET CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 6 - CHANGES IN LONG-TERM DEBT - Continued**

Long-term debt at March 31, 2008 is comprised of the following individual issues:

	<u>Balance</u> <u>April 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2008</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities -</b>					
<b>Primary Activities</b>					
\$360,000 2000 municipal purchase contract (refinanced in 2005) with Fifth Third Bank due in annual installments of \$16,000 to \$36,000 through September 1, 2015; interest at 4.325% - General Fund	\$ 267,000	\$ -	\$ 22,000	\$ 245,000	\$ 24,000
\$110,000 municipal purchase contract with Fifth Third Bank due in annual installments of \$5,300 to \$10,000 through September 1, 2017; interest at 3.87% - General Fund	88,100	-	6,300	81,800	6,600
Total Primary Government	<u>\$ 355,100</u>	<u>\$ -</u>	<u>\$ 28,300</u>	<u>\$ 326,800</u>	<u>\$ 30,600</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<b>Year Ending</b> <b>March 31,</b>	<b>Governmental Activities</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 30,600	\$ 13,155	\$ 43,755
2010	33,000	11,824	44,824
2011	35,300	10,388	45,688
2012	37,600	8,849	46,449
2013	40,000	7,204	47,204
2014-2017	<u>150,300</u>	<u>11,620</u>	<u>161,920</u>
Total	<u>\$ 326,800</u>	<u>\$ 63,040</u>	<u>\$ 389,840</u>

**WATERVLIET CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of March 31, 2008, is as follows:

Due to/from other funds:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In/Out</u>
General	\$ 32,765	\$ 4,586	\$ (2,000)
Police	827	-	-
Road Maintenance	1,674	-	500
Fire Millage	1,305	-	-
Improvement	-	88	-
Ambulance	-	129	500
General Cemetery	-	1,803	-
Perpetual Cemetery	-	-	500
Brownfield	-	15,000	-
Library Millage	276	-	-
Historical Museum	162	-	-
Sewer	343	-	500
Current Tax	-	15,746	-
Total	<u>\$ 37,352</u>	<u>\$ 37,352</u>	<u>\$ -</u>

**NOTE 8 - RECEIVABLES**

Receivables at year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Taxes	\$ 49,529	\$ -
Accounts	14,522	42,998
Notes:		
Land Contract	63,151	-
Joint Fire Board	245,000	-
Berrien County Road Commission	480,000	-
Total	<u>\$ 852,202</u>	<u>\$ 42,998</u>

**NOTE 9 - RISK MANAGEMENT**

The Township carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

**WATERVLIET CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 10 - RESERVED FUND BALANCES**

The fund balance in the Cemetery Perpetual Care Fund has been designated reserved. It is restricted for the purpose of continuing maintenance and upkeep of the cemetery once the General Cemetery Fund's fund balance has been depleted and is no longer able to produce revenue to support its operation.

**NOTE 11 - EXPENDITURES OVER BUDGET**

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved General Fund and Police Fund budgets of the Township were adopted at the department level. During the year ended March 31, 2008, the Township incurred expenditures in certain budgetary functions, which were in excess of the amount appropriated as follows:

	<u>Activity Appropriation</u>		<u>Activity Expenditures</u>		<u>Negative Budget Activity</u>
<b>Police Fund:</b>					
Public safety	\$ 166,500	\$	205,511	\$	(39,011)

**NOTE 12 - FUND DEFICIT**

The Township's Brownfield Redevelopment, Cemetery, and Improvement funds have a fund deficit.

**NOTE 13 - FIRE CONSTRUCTION LOAN**

In 2001 the Watervliet Joint Fire Board constructed an addition to the fire station. Since the Fire Board is a joint board, they were not allowed to take out a loan. The Township agreed to enter into a Municipal Purchase Contract to assist in the financing of the new addition. To enable the Township to enter into the Municipal Purchase Contract, the Fire Board and the City of Watervliet transferred title of the Fire Board real property to the Township by quitclaim deed. As payments on the contract become due, the Fire Board forwards the payments to the Township. The obligation to pay the loan has been included in the Township's Long-Term Debt (Note 6), and the Fire Board's obligation to the Township has been included on the Statement of Net Assets as a loan receivable. When the contract is paid in full the Township will reconvey the property to the Fire Board by quitclaim deed.

**WATERVLiet CHARTER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 14 - OPERATING LEASE**

On August 8, 2002, Watervliet Charter Township entered into a lease agreement with Medic 1 Ambulance. The lease commenced on February 1, 2003. Medic 1 Ambulance is leasing approximately 760 square feet of living area and one stall garage of approximately 793 square feet. The initial term of the lease is fifteen years. Medic 1 Ambulance will pay \$828 a month as rent the first five years of the lease, \$910 a month as rent for the second five years of the lease, and \$1,001 a month as rent for the third five years of the lease.

**NOTE 15 - PRIOR PERIOD ADJUSTMENTS**

There was a prior period adjustment of \$15,000 for a due to other funds improperly classified as a transfer from the General Fund to the Brownfield Fund.

There was a prior period adjustment of \$10,432 for a receivable that was on the books in 2007, but was collected in 2006.

There was a prior period adjustment of \$531,885 of sewer additions paid for by contractors in previous years and \$25,956 of accumulated depreciation for a net affect of \$505,929.

There was a prior period adjustment in the Water Fund of \$285,947 of water additions paid for by developers in previous years and \$13,223 of accumulated depreciation for a net effect of \$272,723.

**WATERVLIET CHARTER TOWNSHIP  
GENERAL FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 71,600	\$ 71,600	\$ 72,588	\$ 988
Licenses and permits	13,000	15,000	14,809	(191)
State grants	204,300	247,700	244,201	(3,499)
Charges for services	62,250	60,000	58,271	(1,729)
Interest	58,000	53,000	54,342	1,342
Rents	70,700	75,000	74,492	(508)
Other revenue	17,000	31,000	19,547	(11,453)
<b>Total Revenues</b>	<b>\$ 496,850</b>	<b>\$ 553,300</b>	<b>\$ 538,250</b>	<b>\$ (15,050)</b>
<b>Expenditures:</b>				
General government	\$ 358,825	\$ 449,100	\$ 360,391	\$ 88,709
Community and economic development	21,000	25,000	16,393	8,607
Public safety	12,500	12,500	8,055	4,445
Public works	11,500	13,000	7,973	5,027
Recreation and cultural	7,000	11,000	10,208	792
Debt service	40,304	42,700	42,728	(28)
<b>Total Expenditures</b>	<b>\$ 451,129</b>	<b>\$ 553,300</b>	<b>\$ 445,748</b>	<b>\$ 107,552</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 45,721</b>	<b>\$ -</b>	<b>\$ 92,502</b>	<b>\$ 92,502</b>
<b>Other Financing Sources (Uses):</b>				
Operating transfers out	-	-	(2,000)	(2,000)
<b>Net Change in Fund Balance</b>	<b>\$ 45,721</b>	<b>\$ -</b>	<b>\$ 90,502</b>	<b>\$ 90,502</b>
Fund Balance, Beginning of Year	\$ 1,046,094	\$ 1,046,094	\$ 1,046,094	\$ -
Prior Period Adjustment - NOTE 15	-	-	4,568	4,568
Adjusted Balance, Beginning of Year	\$ 1,046,094	\$ 1,046,094	\$ 1,050,662	\$ 4,568
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,091,815</b>	<b>\$ 1,046,094</b>	<b>\$ 1,141,164</b>	<b>\$ 95,070</b>

**WATERVLIET CHARTER TOWNSHIP  
POLICE FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 154,523	\$ 166,000	\$ 166,968	\$ 968
Miscellaneous	-	-	500	500
Total Revenues	<u>\$ 154,523</u>	<u>\$ 166,000</u>	<u>\$ 167,468</u>	<u>\$ 1,468</u>
<b>Expenditures:</b>				
Public Safety:				
Professional and contractual services	<u>\$ 154,523</u>	<u>\$ 166,500</u>	<u>\$ 205,511</u>	<u>\$ (39,011)</u>
Total Expenditures	<u>\$ 154,523</u>	<u>\$ 166,500</u>	<u>\$ 205,511</u>	<u>\$ (39,011)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (500)	\$ (38,043)	\$ (37,543)
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ (500)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ (38,043)	\$ (38,043)
Fund Balance, Beginning of Year	<u>145,668</u>	<u>145,668</u>	<u>145,668</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 145,668</u>	<u>\$ 145,668</u>	<u>\$ 107,625</u>	<u>\$ (38,043)</u>



**WATERVLIET CHARTER TOWNSHIP  
ROAD MAINTENANCE FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 307,015	\$ 350,000	\$ 336,376	\$ (13,624)
Interest	-	-	12,196	12,196
Miscellaneous revenue	50,000	50,000	50	(49,950)
Total Revenues	<u>\$ 357,015</u>	<u>\$ 400,000</u>	<u>\$ 348,622</u>	<u>\$ (51,378)</u>
<b>Expenditures:</b>				
Public Works:				
Professional services	\$ 168,000	\$ 330,000	\$ 65,801	\$ 264,199
Repairs and maintenance	12,000	20,000	9,206	10,794
Road matching funds	5,000	50,000	5,000	45,000
Miscellaneous	1,000	-	23	(23)
Total Expenditures	<u>\$ 186,000</u>	<u>\$ 400,000</u>	<u>\$ 80,030</u>	<u>\$ 319,970</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 171,015	\$ -	\$ 268,592	\$ 268,592
<b>Other Financing Sources:</b>				
Operating transfers in	-	-	500	500
Net Change in Fund Balance	\$ 171,015	\$ -	\$ 269,092	\$ 269,092
Fund Balance, Beginning of Year	963,995	963,995	963,995	-
FUND BALANCE, END OF YEAR	<u>\$ 1,135,010</u>	<u>\$ 963,995</u>	<u>\$ 1,233,087</u>	<u>\$ 269,092</u>

**WATERVLIET CHARTER TOWNSHIP  
FIRE MILLAGE FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 100,969	\$ 220,000	\$ 227,500	\$ 7,500
Total Revenues	\$ 100,969	\$ 220,000	\$ 227,500	\$ 7,500
<b>Expenditures:</b>				
Public Safety:				
Professional and contractual services	\$ 115,969	\$ 220,000	\$ 217,533	\$ 2,467
Total Expenditures	\$ 115,969	\$ 220,000	\$ 217,533	\$ 2,467
Net Change in Fund Balance	\$ (15,000)	\$ -	\$ 9,967	\$ 9,967
Fund Balance, Beginning of Year	7,565	7,565	7,565	-
FUND BALANCE, END OF YEAR	\$ (7,435)	\$ 7,565	\$ 17,532	\$ 9,967

**WATERVLIET CHARTER TOWNSHIP  
BUILDING DEPARTMENT FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended March 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses and permits:				
Building permits	\$ 200,000	\$ 200,000	\$ 36,090	\$ (163,910)
Electrical permits	60,000	60,000	9,807	(50,193)
Plumbing permits	60,000	60,000	728	(59,272)
Mechanical permits	60,000	60,000	9,675	(50,325)
Building plan review	65,000	65,000	2,206	(62,794)
<b>Total Revenues</b>	<b>\$ 445,000</b>	<b>\$ 445,000</b>	<b>\$ 58,506</b>	<b>\$ (386,494)</b>
<b>Expenditures:</b>				
Public Safety:				
Professional services	\$ 100,000	\$ 100,000	\$ 65	\$ 99,935
Building inspector	-	-	3,714	(3,714)
Payroll	100,600	100,600	3,722	96,878
Payroll taxes	7,200	7,200	285	6,915
Electrical inspector	50,000	50,000	4,887	45,113
Plumbing inspector	50,000	50,000	-	50,000
Mechanical inspector	50,000	50,000	6,191	43,809
Plan review	50,000	50,000	4,845	45,155
Education	2,000	2,000	52	1,948
Office equipment	2,500	2,500	69	2,431
Public utilities	1,500	1,500	1,210	290
Rent	30,000	30,000	30,000	-
Miscellaneous	1,200	1,200	772	428
<b>Total Expenditures</b>	<b>\$ 445,000</b>	<b>\$ 445,000</b>	<b>\$ 55,812</b>	<b>\$ 389,188</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,694</b>	<b>\$ 2,694</b>
<b>Fund Balance, Beginning of Year</b>	<b>28,860</b>	<b>28,860</b>	<b>28,860</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 28,860</b>	<b>\$ 28,860</b>	<b>\$ 31,554</b>	<b>\$ 2,694</b>

**WATERVLIET CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
Description of Funds**

**Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Ambulance Fund** - This fund is used to account for revenues collected and monies expended for the purpose of maintaining ambulance service to the community.

**Cemetery General Fund** - This fund is used to account for revenues collected and monies expended for the purpose of maintaining the cemetery.

**Cemetery Perpetual Care Fund** - This fund is used to account for revenues collected and monies expended for the purpose of providing for continued operations of the cemetery after funds from the Cemetery General Fund have been exhausted.

**Brownfield Redevelopment Fund** - This fund is used to account for revenues collected and monies expended for the purpose of Brownfield redevelopment.

**Library Millage Fund** - This fund is used to account for revenues collected and monies expended for the purpose of providing library services to the community.

**Museum and Historical Society Millage Fund** – This fund is used to account for revenues collected and monies expended for the purpose of maintaining operations of the North Berrien County Museum and Historical Society.

**WATERVLIET CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet  
March 31, 2008**

	<u>Special Revenue</u>	<u>Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 201,918	\$ -	\$ 201,918
Delinquent tax receivable	8,741	-	8,741
Due from other funds	438	-	438
Land contract	-	63,151	63,151
	<hr/>	<hr/>	<hr/>
Total Current Assets	\$ 211,097	\$ 63,151	\$ 274,248
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 211,097	\$ 63,151	\$ 274,248
	<hr/>	<hr/>	<hr/>
<b>Liabilities and Fund Balances</b>			
Current Liabilities:			
Accounts payable	\$ 9,011	\$ -	\$ 9,011
Due to other funds	16,932	88	17,020
Deferred revenue	-	63,151	63,151
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	\$ 25,943	\$ 63,239	\$ 89,182
	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 25,943	\$ 63,239	\$ 89,182
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Reserved for:			
Restricted purposes	\$ 69,518	\$ -	\$ 69,518
Unreserved, reported in:			
Special revenue	115,636	-	115,636
Capital projects	-	(88)	(88)
	<hr/>	<hr/>	<hr/>
Total Fund Balances	\$ 185,154	\$ (88)	\$ 185,066
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 211,097	\$ 63,151	\$ 274,248
	<hr/>	<hr/>	<hr/>

**WATERVLIET CHARTER TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended March 31, 2008**

	<u>Special Revenue</u>	<u>Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 131,565	\$ -	\$ 131,565
Charges for services	4,850	-	4,850
Interest	4,209	-	4,209
Other revenue	<u>1,014</u>		<u>1,014</u>
Total Revenues	<u>\$ 141,638</u>	<u>\$ -</u>	<u>\$ 141,638</u>
<b>Expenditures</b>			
General government	\$ 15,252	\$ -	\$ 15,252
Community and economic development	9,011	-	9,011
Public safety	21,547	-	21,547
Recreation and culture	<u>83,457</u>	<u>-</u>	<u>83,457</u>
Total Expenditures	<u>\$ 129,267</u>	<u>\$ -</u>	<u>\$ 129,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 12,371</u>	<u>\$ -</u>	<u>\$ 12,371</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in (out)	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Total Other Financing Sources (Uses)	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Net Change in Fund Balance	<u>\$ 13,371</u>	<u>\$ -</u>	<u>\$ 13,371</u>
Fund Balance, Beginning of Year	\$ 186,783	\$ (88)	\$ 186,695
Prior Period Adjustment - NOTE 15	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>
Adjusted Fund Balance, Beginning of the year	<u>\$ 171,783</u>	<u>\$ (88)</u>	<u>\$ 171,695</u>
FUND BALANCE, END OF YEAR	<u>\$ 185,154</u>	<u>\$ (88)</u>	<u>\$ 185,066</u>

**WATERVLIET CHARTER TOWNSHIP  
GENERAL FUND  
Statement of Revenues, Compared to Budget  
For the Year Ended March 31, 2008  
With Comparative Actual Amounts for the Year Ended March 31, 2007**

	<u>2008</u>		<u>Variance -</u>	<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
<b>Taxes:</b>				
Current tax collections	\$ 63,400	\$ 66,503	\$ 3,103	\$ 58,664
Delinquent taxes	6,000	5,000	(1,000)	8,919
Trailer fees	<u>2,200</u>	<u>1,085</u>	<u>(1,115)</u>	<u>1,196</u>
Total Taxes	\$ 71,600	\$ 72,588	\$ 988	\$ 68,779
 <b>Licenses and permits:</b>				
Other licenses and fees	15,000	14,809	(191)	12,952
 <b>State Grants</b>	247,700	244,201	(3,499)	241,399
 <b>Charges for services</b>	60,000	58,271	(1,729)	51,973
 <b>Interest</b>	53,000	54,342	1,342	64,597
 <b>Rents</b>	75,000	74,492	(508)	40,256
 <b>Other revenue</b>	<u>31,000</u>	<u>19,547</u>	<u>(11,453)</u>	<u>17,193</u>
 TOTAL REVENUES	<u>\$ 553,300</u>	<u>\$ 538,250</u>	<u>\$ (15,050)</u>	<u>\$ 497,149</u>

**WATERVLIET CHARTER TOWNSHIP  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended March 31, 2008  
With Comparative Actual Amounts for the Year Ended March 31, 2007**

	<b>2008</b>		<b>Variance -</b>	
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Positive</u></b>	<b><u>2007</u></b>
			<b><u>(Negative)</u></b>	<b><u>Actual</u></b>
<b>General Government:</b>				
<b>Township Board:</b>				
Salaries	\$ 13,500	\$ 11,242	\$ 2,258	\$ 6,361
Payroll taxes	2,500	860	1,640	486
Contributions - Other:				
City cemetery	10,000	9,988	12	5,000
Airport	5,000	-	5,000	4,500
Airport insurance and bonds	2,600	1,285	1,315	2,569
Audit fees	10,000	6,095	3,905	6,791
Education and training	10,000	8,306	1,694	6,716
Data processing	10,000	6,507	3,493	6,047
Total Township Board	<u>\$ 63,600</u>	<u>\$ 44,283</u>	<u>\$ 19,317</u>	<u>\$ 38,470</u>
<b>Supervisor:</b>				
Salaries	\$ 18,239	\$ 18,239	\$ -	\$ 17,371
Payroll taxes	1,400	1,395	5	1,467
Fringe benefits	-	-	-	1,800
Total Supervisor	<u>\$ 19,639</u>	<u>\$ 19,634</u>	<u>\$ 5</u>	<u>\$ 20,638</u>
<b>Assessor and Board of Review:</b>				
Salaries and wages	\$ 37,000	\$ 27,586	\$ 9,414	\$ 25,510
Payroll taxes	2,400	398	2,002	291
Retirement	-	6	(6)	-
Total Assessor and Board of Review	<u>\$ 39,400</u>	<u>\$ 27,990</u>	<u>\$ 11,410</u>	<u>\$ 25,801</u>
<b>Clerk:</b>				
Salaries and wages	\$ 17,221	\$ 17,221	\$ -	\$ 16,401
Payroll taxes	1,400	1,317	83	1,255
Total Clerk	<u>\$ 18,621</u>	<u>\$ 18,538</u>	<u>\$ 83</u>	<u>\$ 17,656</u>
<b>Treasurer:</b>				
Salaries and wages	\$ 200	\$ 17,730	\$ (17,530)	\$ 16,401
Payroll taxes	1,400	1,356	44	1,255
Total Treasurer	<u>\$ 1,600</u>	<u>\$ 19,086</u>	<u>\$ (17,486)</u>	<u>\$ 17,656</u>



**WATERVLIET CHARTER TOWNSHIP  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended March 31, 2008  
With Comparative Actual Amounts for the Year Ended March 31, 2007**

	<u>2008</u>		<u>Variance -</u>	<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
<b>General Government - continued:</b>				
<b>Administrative and Office:</b>				
Salaries and wages	\$ 75,000	\$ 67,201	\$ 7,799	\$ 69,888
Payroll taxes	5,500	5,293	207	5,451
Retirement	2,000	1,592	408	1,409
Office supplies	9,000	5,776	3,224	7,915
Professional services	24,421	11,724	12,697	15,565
Legal fees	28,000	18,220	9,780	21,972
Transportation	7,000	6,382	618	3,036
Utilities	13,000	12,707	293	9,748
Printing and publishing	10,000	9,985	15	5,139
Insurance and bonds	13,000	10,360	2,640	20,633
Repairs and maintenance	20,000	14,112	5,888	8,335
Contract services	32,319	24,123	8,196	19,800
Consultant fees	30,000	23,456	6,544	7,109
Equipment	4,000	1,750	2,250	6,867
Contingency	6,000	2,388	3,612	3,677
Miscellaneous	6,000	3,742	2,258	9,632
Fringe benefits	11,000	9,062	1,938	1,373
<b>Total Administrative and Office</b>	<b>\$ 296,240</b>	<b>\$ 227,873</b>	<b>\$ 68,367</b>	<b>\$ 217,549</b>
<b>Elections:</b>				
Salaries - temporary employees	\$ 400	\$ 400	\$ -	\$ 550
Payroll taxes	100	31	69	42
Transportation	800	317	483	390
Office supplies	1,000	318	682	483
Professional fees	4,000	1,441	2,559	3,236
Printing and publishing	1,000	39	961	414
Repairs and maintenance - supplies	100	-	100	3
Equipment	2,000	207	1,793	-
Miscellaneous	600	234	366	667
<b>Total Elections</b>	<b>\$ 10,000</b>	<b>\$ 2,987</b>	<b>\$ 7,013</b>	<b>\$ 5,785</b>
<b>Total General Government</b>	<b>\$ 449,100</b>	<b>\$ 360,391</b>	<b>\$ 88,709</b>	<b>\$ 343,555</b>

**WATERVLIET CHARTER TOWNSHIP**  
**GENERAL FUND**  
**Statement of Expenditures, Compared to Budget**  
**For the Year Ended March 31, 2008**  
**With Comparative Actual Amounts for the Year Ended March 31, 2007**

	<u>2008</u>		<u>Variance -</u>	<u>2007</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
<b>Community and Economic Development:</b>				
Community promotion	\$ 25,000	\$ 16,393	\$ 8,607	\$ 35,617
<b>Public Safety:</b>				
Salaries and Wages:				
Planning Commission	\$ 2,000	\$ 3,055	\$ (1,055)	\$ 3,450
Board of Appeals	1,000	1,045	(45)	2,545
Payroll taxes	500	314	186	459
Crossing guard policing	9,000	3,641	5,359	3,726
Total Public Safety	\$ 12,500	\$ 8,055	\$ 4,445	\$ 10,180
<b>Public Works:</b>				
Highways and Streets:				
Tree removal	\$ 4,000	\$ 1,200	\$ 2,800	\$ 6,600
Street lights	4,000	2,626	1,374	2,576
Drains at large	5,000	4,147	853	5,093
Total Public Works	\$ 13,000	\$ 7,973	\$ 5,027	\$ 14,269
<b>Recreation and Cultural:</b>				
Parks and Recreation:				
Repair and maintenance	\$ 1,000	\$ 803	\$ 197	\$ 100
Aid to other government	7,000	6,764	236	5,000
Professional services	3,000	2,641	359	1,040
Total Recreation and Cultural	\$ 11,000	\$ 10,208	\$ 792	\$ 6,140
<b>Debt:</b>				
Principal on loan	\$ 28,300	\$ 28,300	\$ -	\$ 26,000
Interest on loan	14,400	14,428	(28)	15,489
Total Debt	\$ 42,700	\$ 42,728	\$ (28)	\$ 41,489
<b>TOTAL EXPENDITURES</b>	<u>\$ 553,300</u>	<u>\$ 445,748</u>	<u>\$ 107,552</u>	<u>\$ 451,250</u>

**WATERVLIET CHARTER TOWNSHIP  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
March 31, 2008**

	<b>Ambulance Fund</b>	<b>General Cemetery Fund</b>	<b>Cemetery Perpetual Care Fund</b>
<b>ASSETS</b>			
Cash in bank	\$ 118,101	\$ -	\$ 69,518
Due from other funds	-	-	-
Delinquent tax receivable	<u>2,746</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 120,847</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 69,518</b></u>
 <b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Account payable	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-
Due to other funds	<u>129</u>	<u>1,803</u>	<u>-</u>
<b>Total Liabilities</b>	<u><b>\$ 129</b></u>	<u><b>\$ 1,803</b></u>	<u><b>\$ -</b></u>
 Fund balances:			
Reserved	\$ -	\$ -	\$ 69,518
Unreserved	<u>120,718</u>	<u>(1,803)</u>	<u>-</u>
<b>Total Fund Balances</b>	<u><b>\$ 120,718</b></u>	<u><b>\$ (1,803)</b></u>	<u><b>\$ 69,518</b></u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><b>\$ 120,847</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 69,518</b></u>

<b>Brownfield Redevelopment Fund</b>	<b>Library Millage Fund</b>	<b>Historical Museum Millage Fund</b>	<b>Total</b>
\$ 14,299	\$ -	\$ -	\$ 201,918
-	276	162	438
-	3,968	2,027	8,741
<u>\$ 14,299</u>	<u>\$ 4,244</u>	<u>\$ 2,189</u>	<u>\$ 211,097</u>
\$ 9,011	\$ -	\$ -	\$ 9,011
-	-	-	-
<u>15,000</u>	<u>-</u>	<u>-</u>	<u>16,932</u>
<u>\$ 24,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,943</u>
\$ -	\$ -	\$ -	\$ 69,518
<u>(9,712)</u>	<u>4,244</u>	<u>2,189</u>	<u>115,636</u>
<u>\$ (9,712)</u>	<u>\$ 4,244</u>	<u>\$ 2,189</u>	<u>\$ 185,154</u>
<u>\$ 14,299</u>	<u>\$ 4,244</u>	<u>\$ 2,189</u>	<u>\$ 211,097</u>

**WATERVLIET CHARTER TOWNSHIP**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended March 31, 2008**

	<u>Ambulance Fund</u>	<u>Cemetery General Fund</u>	<u>Cemetery Perpetual Care Fund</u>
<b>Revenues:</b>			
Taxes	\$ 38,493	\$ -	\$ -
Charges for services	-	2,425	2,425
Interest	1,340	-	2,563
Other revenue	<u>-</u>	<u>915</u>	<u>-</u>
Total Revenues	<u>\$ 39,833</u>	<u>\$ 3,340</u>	<u>\$ 4,988</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
Maintenance	\$ -	\$ 4,282	\$ -
Professional services	-	887	-
Utilities	-	405	-
Miscellaneous	<u>-</u>	<u>54</u>	<u>-</u>
Total General Government	<u>\$ -</u>	<u>\$ 5,628</u>	<u>\$ -</u>
<b>Community and Economic Development:</b>			
Professional services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Public Safety:</b>			
Ambulance service	<u>\$ 21,547</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Recreation and Culture:</b>			
Library services	\$ -	\$ -	\$ -
Museum services	<u>-</u>	<u>-</u>	<u>-</u>
Total Recreation and Culture	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 21,547</u>	<u>\$ 5,628</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 18,286	\$ (2,288)	\$ 4,988
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	<u>500</u>	<u>-</u>	<u>500</u>
Net Change in Fund Balance	<u>\$ 18,786</u>	<u>\$ (2,288)</u>	<u>\$ 5,488</u>
Fund Balance, Beginning of Year	\$ 101,932	\$ 485	\$ 64,030
Prior Period Adjustment - NOTE 15	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted Fund Balance, Beginning of the Year	<u>\$ 101,932</u>	<u>\$ 485</u>	<u>\$ 64,030</u>
FUND BALANCE, END OF YEAR	<u>\$ 120,718</u>	<u>\$ (1,803)</u>	<u>\$ 69,518</u>

<u>Brownfield Redevelopment Fund</u>	<u>Library Millage Fund</u>	<u>Historical Museum Millage Fund</u>	<u>Total</u>
\$ 9,011	\$ 55,641	\$ 28,420	\$ 131,565
-	-	-	4,850
306	-	-	4,209
99	-	-	1,014
<u>\$ 9,416</u>	<u>\$ 55,641</u>	<u>\$ 28,420</u>	<u>\$ 141,638</u>
\$ -	\$ -	\$ -	\$ 4,282
8,683	-	-	9,570
-	-	-	405
941	-	-	995
<u>\$ 9,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,252</u>
\$ 9,011	\$ -	\$ -	\$ 9,011
\$ -	\$ -	\$ -	\$ 21,547
\$ -	\$ 55,255	\$ -	\$ 55,255
-	-	28,202	28,202
<u>\$ -</u>	<u>\$ 55,255</u>	<u>\$ 28,202</u>	<u>\$ 83,457</u>
\$ 18,635	\$ 55,255	\$ 28,202	\$ 129,267
\$ (9,219)	\$ 386	\$ 218	\$ 12,371
-	-	-	1,000
<u>\$ (9,219)</u>	<u>\$ 386</u>	<u>\$ 218</u>	<u>\$ 13,371</u>
\$ 14,507	\$ 3,858	\$ 1,971	\$ 186,783
(15,000)	-	-	(15,000)
<u>\$ (493)</u>	<u>\$ 3,858</u>	<u>\$ 1,971</u>	<u>\$ 171,783</u>
\$ (9,712)	\$ 4,244	\$ 2,189	\$ 185,154

**WATERVLIET CHARTER TOWNSHIP**  
**AGENCY FUNDS**  
**Combining Balance Sheet**  
**March 31, 2008**

	<b><u>Tax Collection Fund</u></b>	<b><u>Trust and Agency Fund</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Cash in bank	\$ 13,513	\$ 1,551	\$ 15,064
Cash on hand	200	-	200
Due from other governments	<u>1,774</u>	<u>-</u>	<u>1,774</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 15,487</u></b>	<b><u>\$ 1,551</u></b>	<b><u>\$ 17,038</u></b>
 <b>LIABILITIES</b>			
Due to other funds	\$ 15,487	\$ 259	\$ 15,746
Due to other governmental units	<u>-</u>	<u>1,292</u>	<u>1,292</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 15,487</u></b>	<b><u>\$ 1,551</u></b>	<b><u>\$ 17,038</u></b>

**WATERVLIET CHARTER TOWNSHIP**  
**Statement of Cash Receipts and Disbursements - Trust and Agency Fund**  
**For the Year Ended March 31, 2008**

**Receipts:**

Trailer fees	\$	<u>6,507</u>
Total Receipts	\$	<u>6,507</u>

**Disbursements:**

Other funds	\$	2,022
Other governments		<u>5,590</u>
Total Disbursements	\$	<u>7,612</u>

Excess (Deficiency) of Receipts Over (Under) Disbursements	\$	(1,105)
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Cash at beginning of year		<u>2,656</u>
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CASH AT END OF YEAR	\$	<u>1,551</u>
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**WATERVLIET CHARTER TOWNSHIP**  
**Statement of Cash Receipts and Disbursements - Tax Collection Fund**  
**For the Year Ended March 31, 2008**

**Receipts:**

Current property tax collections	\$ 3,744,726	
Interest	<u>2,294</u>	
Total Receipts		\$ 3,747,020

**Disbursements:**

Public schools	\$ 1,211,741	
Berrien County	1,274,049	
Other funds	738,394	
Berrien County I.S.D.	251,235	
Lake Michigan College	189,982	
Watervliet District Library	51,672	
Other	<u>28,495</u>	
Total Disbursements		<u>3,745,568</u>

Receipts Over Disbursements	\$ 1,452
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Cash at beginning of year	<u>12,061</u>
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CASH AT END OF YEAR	<u>\$ 13,513</u>
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**WATERVLIET CHARTER TOWNSHIP**  
**Schedule of Indebtedness - Fire Construction Loan**  
**For the Year Ended March 31, 2008**

Watervliet Charter Township entered into a Municipal Purchase Contract to finance an addition to the Fire Station in the amount of \$360,000 on September 8, 2000, with interest at 5.67%. The contract was refinanced in September of 2004, with a new interest rate at 4.325%. Schedule of indebtedness is as follows:

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Payment</u>	<u>Annual Principal Requirement</u>	<u>Interest Payable</u>
9/8/00	\$ 360,000	4.325%	9/1/2008	\$ 24,000	\$ 5,298
			3/1/2009	-	4,779
			9/1/2009	26,000	4,779
			3/1/2010	-	4,217
			9/1/2010	28,000	4,217
			3/1/2011	-	3,611
			9/1/2011	30,000	3,611
			3/1/2012	-	2,963
			9/1/2012	32,000	2,963
			3/1/2013	-	2,271
			9/1/2013	34,000	2,271
			3/1/2014	-	1,535
			9/1/2014	35,000	1,535
			3/1/2015	-	779
			9/1/2015	36,000	778
				<u>\$ 245,000</u>	<u>\$ 45,607</u>

**WATERVLIET CHARTER TOWNSHIP**  
**Schedule of Indebtedness - Public Service Building Loan**  
**For the Year Ended March 31, 2008**

Watervliet Township entered into an Installment Purchase Agreement to finance construction of a Public Service Building in the amount of \$110,000 on September 4, 2002. Schedule of indebtedness is as follows:

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Payment</u>	<u>Annual Principal Requirement</u>	<u>Interest Payable</u>
9/4/2002	\$ 110,000	3.87%	9/1/2008	\$ 6,600	\$ 1,599
			3/1/2009	-	1,479
			9/1/2009	7,000	1,479
			3/1/2010	-	1,349
			9/1/2010	7,300	1,349
			3/1/2011		1,211
			9/1/2011	7,600	1,211
			3/1/2012	-	1,064
			9/1/2012	8,000	1,064
			3/1/2013	-	906
			9/1/2013	8,300	906
			3/1/2014	-	743
			9/1/2014	8,600	743
			3/1/2015	-	571
			9/1/2015	9,000	571
			3/1/2016	-	391
			9/1/2016	9,400	391
			3/1/2017	-	203
			9/1/2017	10,000	203
				<u>\$ 81,800</u>	<u>\$ 17,433</u>

# **Gerbel & Company, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

June 10, 2008

## **Communication of Significant Deficiencies and Material Weaknesses**

To the Watervliet Charter Township Board  
Watervliet, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Watervliet Charter Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Watervliet Charter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

1. The Township Board should approve all transfers in advance. It was noted during the audit that all transfers were not approved in advance.
2. Customer billings should be independent of the cash receipts process. Currently the sewer cash receipts are not being reviewed and compared to customer billings by someone independent of the billing process. While no incorrect transactions were noted, care should be taken to ensure there is proper segregation of duties in the sewer billing process.

**Right. On time.**

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PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: [gerbel@parrett.net](mailto:gerbel@parrett.net) ■ WEB SITE: [www.gerbel.com](http://www.gerbel.com)

3. It was noted that there were expenditures paid for flowers, private road maintenance, and recognition payments. Michigan law prohibits payment of expenditures for each of these areas. While none of these expenses were material to the financial statements, care should be taken to ensure that all expenditures of the Township are in accordance with state law.
4. Billing statements from Paw Paw Lake Regional Joint Sewage Disposal Board are not currently being tested for accuracy. All bills should be tested for accuracy to ensure proper reimbursement from the City of Watervliet.
5. The Fire Millage Fund had a budgeted deficit fund balance. Budgets should include the fund balance to ensure that there are no budgeted deficits, and to ensure compliance with PA 621.
6. Trust and Agency Funds should not record revenues or expenses. Any cash collected by these types of funds is a liability to another entity. It was noted during the audit that the Trust and Agency Fund had undistributed trailer park fees recorded as revenue rather than a liability to the proper funds and governmental units.
7. Bank reconciliations should be reviewed after they are reconciled. When multiple fund cash accounts are pooled into one, they should be treated as if each was its own bank account. At multiple times throughout the year cash balances were negative in the pooled accounts. Cash accounts should not be negative because they are borrowing cash from the General Fund and these payments should be properly recorded using the due to and due from accounts.

In addition, we noted other matters involving the internal control and its operation that we have reported to management of Watervliet Charter Township in a separate letter dated June 10, 2008.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

1. Multiple material adjusting journal entries were made during the audit. The ledger should be reviewed on a timely basis and key accounts should be reconciled to ensure proper account balances.
2. When expenditures or loans are made by one fund for another, they should be recorded using the due to and due from accounts. A prior period adjustment was recorded to correct a misposting of a loan from the General Fund to the Brownfield Fund as a transfer instead of an interfund receivable.
3. When expenditures for water and sewer lines owned by the Township are paid for by developers, these expenditures should be recorded as contributions from developers and expenditures by the Township. A prior period adjustment was recorded in the Water and Sewer Funds as a result of these transactions.
4. The Township should possess the knowledge and ability to accept responsibility for the financial statements and adjusting entries proposed by us. This ability can reside with one person or collectively. Currently the Township does not have this ability.

This communication is intended solely for the information and use of management, Watervliet Charter Township Board and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Gerbel & Company, P.C.*  
GERBEL & COMPANY, P.C.  
Certified Public Accountants

# **Gerbel & Company, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

June 10, 2008

Township Board  
Charter Township of Watervliet  
Watervliet, Michigan

In connection with our audit of the books and records of Watervliet Charter Township for the year ending March 31, 2008, we offer the following comments and recommendations regarding internal control and other accounting matters:

1. When certificates of deposit mature, interest earned and rolled over into the new certificate should be recorded.
2. It is the Township's policy to endorse all checks "For Deposit Only." It was noted during the audit that multiple checks were deposited by the bank without this endorsement.
3. Old outstanding checks in the general checking account should be sent to the Michigan Escheats Division.
4. The Airport should apply for its own EIN number. The Airport cash account should not be in the Township's name because the Township does not have control over this account.
5. The Township should consider creating employee policy and procedures that detail the responsibilities of each employee and also detail specific processes that should be followed for recording information to the general ledger.
6. A corrective action plan should be developed and sent to the State of Michigan for each fund with a deficit balance.
7. Interest on the tax fund account is currently being disbursed to the general fund. The Township should have a written agreement from each municipality for which it levies taxes stating that the Township can disburse that interest to the general fund.
8. The Township's administration and accounting personnel displayed a high level of dedication and cooperation in performing their functions and assisting us in completing ours.

**Right. On time.**

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We appreciate the cooperation and courtesy extended to us by the officials and employees of Watervliet Charter Township and trust that these comments and recommendations will be accepted in the spirit of cooperation in which they are offered.

Very truly yours,

A handwritten signature in cursive script that reads "Gerbel & Company, P.C.".

GERBEL & COMPANY, P.C.  
Certified Public Accountants